
IT Plan – Agency Submitted

192 PUBLIC EMPLOYEES RETIREMENT SYSTEM

Version: 2007-B-01-00192

Project: Infrastructure

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Agency IT Overview

Agency Mission Statement:

"Design, communicate and efficiently administer a viable employee benefits program within a framework of prudent risk taking, applicable state and federal laws, and professional and ethical standards so as to provide an employee benefit package that is among the best available from public and private employers in the upper Midwest."

Agency Programs and Services:

The Public Employees Retirement System is the administrator of several employee benefit plans for state employees and employees of participating political subdivisions. A brief description of each plan follows:

Defined Benefit Pension Plans: The Public Employees Retirement System covers substantially all employees of the State of North Dakota, its agencies, and various political subdivisions. It also covers Supreme and District Court Judges, the National Guard Security Officers and Firefighters, and participating Law Enforcement entities. The agency also administers the Highway Patrol Retirement System, Job Service Retirement System and the OASIS Retirement Plan

Defined Contribution Pension Plan: The defined contribution pension plan is an option available to nonclassified state employees.

Retiree Health Insurance Credit Program: This program is designed to provide eligible retirees with a benefit that can be used to offset the cost of their health insurance premiums during their retirement.

Group Health Insurance Plan: This program provides health insurance coverage to active and retired public employees and their families. The plan covers substantially all employees of the State of North Dakota, its agencies, and various participating political subdivisions.

Group Life Insurance Plan: This program provides basic life insurance to active and retired employees. Active employees have the option of purchasing additional life insurance under the employee supplemental, dependent supplemental, and spouse supplemental provisions of the plan. The plan covers substantially all employees of the State of North Dakota, its agencies, and various participating political subdivisions.

Voluntary Insurance Products: The agency is authorized to offer voluntary dental, vision and long term care insurance. Currently, these plans are offered to state employees.

Employee Assistance Program: This program is designed to provide special assistance in guidance and counseling and to determine appropriate diagnosis and/or course of treatment to state employees and their eligible dependents in cases of alcoholism, drug abuse and personal problems.

Deferred Compensation Program: This is a voluntary, supplemental retirement plan provided in accordance with Section 457 of the Internal Revenue Code. It allows state employees, and employees of participating political subdivisions, to defer and invest income on a pretax basis to be withdrawn at a later date, usually at retirement.

Pretax Benefits Program(FlexComp): This program allows eligible state employees to elect to reduce their salaries to pay for qualified insurance premiums, medical expenses and dependent care expenses on a pre-tax basis.

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Agency IT Plan Contact Data

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Agency Technology Goals And Objectives

Goals and Objectives

1. Ensure the efficient & accurate administration of member benefits

Objective(s)

1. Promote the efficient delivery of services and administration of all benefit programs to plan members and participating employers.
2. Provide online access to as much data as feasible.
3. Automate as many processes as feasible.
4. Upgrade computer hardware and software according to agency replacement schedule.
5. Administer a local area network that is accessible at least 99% of the time.

2. Research and evaluate benefit products and services.

Objective(s)

1. Investigate alternative methods of delivering/receiving benefit information.

3. Educate members, employers and the public on the value of PERS policies and programs.

Objective(s)

1. Facilitate member understanding of benefits and application processes by developing comprehensive communication materials.

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1. If applicable, describe the reason for any extraordinary increase or decrease in your infrastructure costs.

N/A

2. Total number of desktop computers: 33

Number of desktops for which you are requesting replacement funding: 0

Average replacement cost/desktop: 1,300

3. Total number of laptop computers: 5

Number of laptops for which you are requesting replacement funding: 0

Average replacement cost/laptop: 1,500

What state planning region are these desktop/laptop computers located?

Region 1 0 2 0 3 0 4 0 5 0 6 0 7 38 8 0

4. What percentage of these pcs are running the following operating systems:

(total should be equal to 100%)

Windows 98 0 %

Windows NT 0 %

Windows 2000 16 %

Windows XP 84 %

Other 0 %

5. What additional expenditures are being paid out of non-appropriated funds? 0

Please explain:

N/A

Agency Technology Activities

Current Use and Impact of Technology

The agency has a number of systems maintained on the State's mainframe at ITD. The largest systems consist of the database and major business applications for the retirement, group insurance, retiree health credit, and deferred compensation programs. The database contains detailed information for each participating employee and participating employer. The application systems provide for the various benefit calculations, tax reporting statements, insurance premium billings and eligibility listings. It also has the ability to integrate the deferred compensation with the retirement system to determine eligibility for vesting in the employer contributions. Currently, the central payroll system, Bank of ND and University System provide monthly employee retirement contribution, deferred comp deduction and insurance premium updates electronically. The agency has a secure FTP site that employers can use to submit monthly contribution reports.

The agency has two smaller systems. One system is maintained on the State's mainframe and accesses information provided by the Bank of North Dakota to update the agency's outstanding check lists. The other system is located on the PeopleSoft ERP system and is used to maintain FlexComp account information and process FlexComp claims.

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The agency has a local area network that is maintained in-house. The network consists of 2 file servers, 33 client workstations and 6 printers. Each staff member can access word processing and spreadsheet applications, E-mail, Internet, and the mainframe from their workstations.

There are three in-house developed business applications residing on the LAN. The Service Purchase System provides record keeping functions for employees purchasing retirement service credit. The Batch Entry System allows for batch data entry of monthly retirement contributions, insurance premiums and deferred compensation deductions which are entered and uploaded to the mainframe system. The agency also maintains the Job Service retirement system.

The agency has a web site which is being used primarily to provide general benefit plan information to participants. Online services from the web site include: benefit estimates, account balance, and annual statement print and view.

The agency is using the State's electronic document management system (EDMS) for imaging and electronic storage of member data.

Future Uses and Impact of Technology

PERS has traditionally been very "paper driven" when conducting business. The agency is taking major steps towards using an electronic document management system, wherever feasible, instead of handling and processing paper forms. In the 07-09 biennium, the agency will be expanding the use of EDMS by beginning a workflow study that will integrate with the FileNet document storage system.

The agency conducted a feasibility study to replace or rewrite the existing business applications system which currently resides on the State's mainframe. The systems have become increasingly complex and costly to maintain. There is concern that they may not have the flexibility to easily integrate with e-business applications and EDMS.

In the 07-09 biennium, with the approval of the Legislature, the agency will begin work on the Legacy Application System Replacement Project (LASR).

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IT5110	SALARIES - PERMANENT	\$0	\$251,784	\$0	\$251,784	\$0
IT5160	FRINGE BENEFITS	\$0	\$83,744	\$0	\$83,744	\$0
IT5310	IT SOFTWARE AND SUPPLIES	\$26,200	\$13,000	\$0	\$13,000	\$0
IT5510	IT EQUIPMENT UNDER \$5000	\$17,937	\$0	\$0	\$0	\$0
IT6010	IT DATA PROCESSING	\$577,552	\$507,907	\$0	\$507,907	\$0
IT6020	IT COMMUNICATIONS	\$43,148	\$49,583	\$0	\$49,583	\$0
	Total Budget:	\$664,837	\$906,018	\$0	\$906,018	\$0
470	GROUP INSURANCE PLAN PERS 470	\$199,451	\$283,070	\$54,874	\$337,944	\$0
472	FLEXCOMP PLAN 472	\$66,484	\$247,047	-\$259,628	-\$12,581	\$0
481	DEFERRED COMPENSATION PLAN 481	\$132,967	\$178,644	\$64,540	\$243,184	\$0
483	PUBLIC EMPLOYEE RETIREMENT SYS 483	\$265,935	\$197,257	\$140,214	\$337,471	\$0
	Total Funding:	\$664,837	\$906,018	\$0	\$906,018	\$0

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Project: INF-001 Legacy Application System Replacement

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Agency Priority - 1

Project Type: Application replacement

Age of Current Application: 30

Project description

The purpose of the Legacy Application System Replacement (LASR) project is to procure and implement a new system to efficiently administer benefits for employees and retirees of the State of ND and other participating employer groups.

Briefly describe the business need or problem driving the proposed project.

The current systems are 8 to 30 years old and have become very complex and difficult to maintain or enhance. Additional programs added to the agency over time have resulted in more non-integrated programs, spreadsheets and other workarounds at an agency level. (See Additional Business Need)

Describe how the project is consistent with the organizations mission.

Part of NDPERS' mission is to "efficiently administer a viable employee benefits program that is among the best available from employers in the upper midwest". A modern benefits administration system will enable PERS to accomplish that objective by allowing staff to maintain current levels of service while experiencing larger volumes of service requests due to the retiring ND workforce.

Describe the anticipated benefits of the project and who will derive the benefits.

Recently, PERS had a consultant review our existing business system. They concluded that PERS will need to replace the system within the next several years because the existing system is old, outdated and complex. The consultant also noted the large amount of work that is done outside the system (spreadsheets, access databases, etc). (See Additional Benefits)

Describe the impact of not implementing the project.

Not implementing this project would mean that PERS would continue to use its legacy solution supported by ITD. However, it would require a significant investment to include all currently requested enhancements as well as incorporate all the various workarounds within the system. NDPERS has consulted with ITD on this topic and received an initial cost estimate to do a system re-write with some additional enhancements.

Identify any risks associated with implementing this project and explain how the risks will be mitigated.

1. Implementation of this project will require a significant investment of time by current staff who are already working at close to full capacity. This could potentially affect response times or cause staff turnover due to stress. To mitigate this risk it will be necessary to hire temporary staff to backfill key positions/functions. 2. If necessary, some non-essential services will be suspended. (See Additional Risks)

Describe the additional costs?

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The additional costs include salary and benefits for 4 FTE who will be hired to backfill key positions/functions in order for experienced PERS staff to be part of the project team. The additional costs also include funding to lease and furnish additional office space for the project team. The costs of \$424,980 are for the 07-09 biennium. Since we anticipate this to be a 3 year project, funding for these additional costs will also be included in the 09-11 biennium request.

Enter any additional costs for the project that are not included in IT Object Codes used in the Project Cost Screen?

Additional Costs? - \$424,980

Optional Project Costs -

Total Project Cost? - \$9,352,020

Tot Proj Costs + Optionals - \$9,352,020

What additional expenditures are being paid out of non-appropriated funds?

N/A

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IT5310	IT SOFTWARE AND SUPPLIES	\$0	\$0	\$2,400	\$2,400	\$0
IT5510	IT EQUIPMENT UNDER \$5000	\$0	\$0	\$6,400	\$6,400	\$0
IT6010	IT DATA PROCESSING	\$0	\$0	\$12,192	\$12,192	\$0
IT6020	IT COMMUNICATIONS	\$0	\$0	\$6,048	\$6,048	\$0
IT6030	IT CONTRACT SERVICES & REPAIRS	\$0	\$0	\$8,900,000	\$8,900,000	\$0
Total Budget:		\$0	\$0	\$8,927,040	\$8,927,040	\$0
470	GROUP INSURANCE PLAN PERS 470	\$0	\$0	\$3,570,816	\$3,570,816	\$0
472	FLEXCOMP PLAN 472	\$0	\$0	\$2,678,112	\$2,678,112	\$0
481	DEFERRED COMPENSATION PLAN 481	\$0	\$0	\$1,785,408	\$1,785,408	\$0
483	PUBLIC EMPLOYEE RETIREMENT SYS 483	\$0	\$0	\$892,704	\$892,704	\$0
Total Funding:		\$0	\$0	\$8,927,040	\$8,927,040	\$0

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Project: **LEG-001 Retiree Standalone Prescription Drug Coverage**

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Agency Priority - 1

Project Type: New initiative

Project description

Allow annuitants to participate in a prescription drug program.

Briefly describe the business need or problem driving the proposed project.

Proposed legislation is the main driver for this project.

Describe how the project is consistent with the organizations mission.

This project would enhance the options provided to retired employees of the State of ND further enabling NDPERS to "provide an employee benefit package that is among the best available from public and private employers in the upper midwest."

Describe the anticipated benefits of the project and who will derive the benefits.

This option would allow the retiree to select the medical coverage and/or a prescription drug coverage. Presently, the retiree can only select the coverage tha includes both. Seperating the selection will allow the retiree more options in planning health coverage.

Describe the impact of not implementing the project.

The status quo would be maintained and retirees would have to select coverage that included both medical and prescription drug coverage.

Identify any risks associated with implementing this project and explain how the risks will be mitigated.

Risks would include: Spending the money to do the programming necessary to implement the plan only to find that no one is interested in participating. Possible lack of skilled COBOL/NATURAL programmers at ITD willing to do the work. Mitigate risk by hiring from the vendor pool however, this solution could possibly introduce other risks which could potentially increase the cost of completing the project. (see additional risks)

Describe the additional costs?

N/A

Enter any additional costs for the project that are not included in IT Object Codes used in the Project Cost Screen?

Additional Costs? -

Optional Project Costs -

Total Project Cost? -

\$44,412

Tot Proj Costs + Optionals -

\$44,412

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What additional expenditures are being paid out of non-appropriated funds?

N/A

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IT6010	IT DATA PROCESSING	\$0	\$44,412	\$0	\$44,412	\$0
	Total Budget:	\$0	\$44,412	\$0	\$44,412	\$0
470	GROUP INSURANCE PLAN PERS 470	\$0	\$44,412	\$0	\$44,412	\$0
	Total Funding:	\$0	\$44,412	\$0	\$44,412	\$0

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Project: **LEG-002 Increase Basic Life Insurance Coverage**

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Agency Priority - 2

Project Type: New initiative

Project description

Increase basic life insurance coverage to an amount yet to be determined.

Briefly describe the business need or problem driving the proposed project.

Proposed legislation is the main driver for this project.

Describe how the project is consistent with the organizations mission.

This project would enhance the benefits provided to employees of the State of ND thereby enabling NDPERS to "provide an employee benefit package that is among the best available from public and private employers in the upper midwest."

Describe the anticipated benefits of the project and who will derive the benefits.

Participants in the Group Life Insurance program would receive additional employer sponsored life insurance coverage/benefits.

Describe the impact of not implementing the project.

Not implementing the project would mean that the participant would need to purchase additional, supplemental life insurance coverage in order to maintain a desired level of life insurance benefits.

Identify any risks associated with implementing this project and explain how the risks will be mitigated.

Possible lack of skilled COBOL/NATURAL programmers at ITD willing to do the work. Mitigate risk by hiring from the vendor pool however, this solution could possibly introduce other risks which could potentially increase the cost of completing the project. Adequate project management could help mitigate these risks.

Describe the additional costs?

N/A

Enter any additional costs for the project that are not included in IT Object Codes used in the Project Cost Screen?

Additional Costs? - \$0

Optional Project Costs - \$0

Total Project Cost? - \$4,492

Tot Proj Costs + Optionals - \$4,492

What additional expenditures are being paid out of non-appropriated funds?

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N/A

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Project: LEG-002 Increase Basic Life Insurance Coverage

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IT6010	IT DATA PROCESSING	\$0	\$4,492	\$0	\$4,492	\$0
	Total Budget:	\$0	\$4,492	\$0	\$4,492	\$0
470	GROUP INSURANCE PLAN PERS 470	\$0	\$4,492	\$0	\$4,492	\$0
	Total Funding:	\$0	\$4,492	\$0	\$4,492	\$0

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Project: LEG-003 Increase Contribution Rates for All Plans

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Agency Priority - 3

Project Type: New initiative

Project description

Increase retirement contribution rates for all plans administered by PERS.

Briefly describe the business need or problem driving the proposed project.

Proposed legislation is the main driver for this project.

Describe how the project is consistent with the organizations mission.

This project would further enable the agency to "efficiently administer a viable employee benefit plan for state employees and employees of participating political subdivisions".

Describe the anticipated benefits of the project and who will derive the benefits.

Increasing the contribution rates would provide the funding to pay for a 2% increase in retiree benefit on August 1, 2009. The increased contributions would become effective Jul1, 2009. Retirees of the State of ND would benefit from the implementation of this project.

Describe the impact of not implementing the project.

Retirees would not receive the 2% increase.

Identify any risks associated with implementing this project and explain how the risks will be mitigated.

Possible lack of skilled COBOL/NATURAL programmers at ITD willing to do the work. Mitigate risk by hiring from the vendor pool however, this solution could possibly introduce other risks which could potentially increase the cost of completing the project. Adequate project management could help mitigate these risks.

Describe the additional costs?

N/A

Enter any additional costs for the project that are not included in IT Object Codes used in the Project Cost Screen?

Additional Costs? - \$0

Optional Project Costs - \$0

Total Project Cost? - \$3,116

Tot Proj Costs + Optionals - \$3,116

What additional expenditures are being paid out of non-appropriated funds?

N/A

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IT6010	IT DATA PROCESSING	\$0	\$3,116	\$0	\$3,116	\$0
	Total Budget:	\$0	\$3,116	\$0	\$3,116	\$0
483	PUBLIC EMPLOYEE RETIREMENT SYS 483	\$0	\$3,116	\$0	\$3,116	\$0
	Total Funding:	\$0	\$3,116	\$0	\$3,116	\$0

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Project: LEG-004 Add a New Sub-Status

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Agency Priority - 4

Project Type: New initiative

Project description

Add a new sub-status to allow employees of the State Board for Career and Technical Education to participate in the PERS retirement plan.

Briefly describe the business need or problem driving the proposed project.

Proposed legislation is the main driver for this project.

Describe how the project is consistent with the organizations mission.

Allowing employees of the State Board for Career and Technical Education to participate in the PERS plan further enables the agency to "design, communicate and efficiently administer a viable employee benefits program" which is consistent with the agency's mission statement.

Describe the anticipated benefits of the project and who will derive the benefits.

Employees of the State Board for Career and Technical Education would receive the benefit of being able to choose the retirement system in which they wish to participate.

Describe the impact of not implementing the project.

Failure to implement the project would result in status quo.

Identify any risks associated with implementing this project and explain how the risks will be mitigated.

Risks associated with implementation of this project include: Making necessary programming changes only to find no one is interested in the option. Careful planning and "marketing" of this option could mitigate the risk. Adding more complexity to the current benefits application system could render undesirable results. Thorough testing by IT Staff and Subject Matter Experts will be required in order to mitigate this risk.

Describe the additional costs?

N/A

Enter any additional costs for the project that are not included in IT Object Codes used in the Project Cost Screen?

Additional Costs? - \$0

Optional Project Costs - \$0

Total Project Cost? - \$3,623

Tot Proj Costs + Optionals - \$3,623

What additional expenditures are being paid out of non-appropriated funds?

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N/A

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Project: LEG-004 Add a New Sub-Status

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IT6010	IT DATA PROCESSING	\$0	\$3,623	\$0	\$3,623	\$0
	Total Budget:	\$0	\$3,623	\$0	\$3,623	\$0
483	PUBLIC EMPLOYEE RETIREMENT SYS 483	\$0	\$3,623	\$0	\$3,623	\$0
	Total Funding:	\$0	\$3,623	\$0	\$3,623	\$0

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Project: **LEG-005 Health Credit Increase**

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Agency Priority - 5

Project Type: New initiative

Project description

Increase the retiree health credit from \$4.50 to \$5.00.

Briefly describe the business need or problem driving the proposed project.

Proposed legislation is the major driver for this project.

Describe how the project is consistent with the organizations mission.

This project would further enable PERS to "design, communicate and efficiently administer a viable employee benefits program" by giving the retiree a larger health credit with which to help offset the cost of group health insurance premiums.

Describe the anticipated benefits of the project and who will derive the benefits.

Retirees would benefit by having a larger health credit with which to help offset the cost of group health insurance premiums.

Describe the impact of not implementing the project.

Failure to implement this project would result in the current level of health credit available for at least the next 2 years.

Identify any risks associated with implementing this project and explain how the risks will be mitigated.

Additional application programming may cause instability or undesired results. Careful testing by the IT Staff and Subject matter experts could mitigate this risk.

Describe the additional costs?

N/A

Enter any additional costs for the project that are not included in IT Object Codes used in the Project Cost Screen?

Additional Costs? - \$0

Optional Project Costs - \$0

Total Project Cost? - \$3,478

Tot Proj Costs + Optionals - \$3,478

What additional expenditures are being paid out of non-appropriated funds?

N/A

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IT6010	IT DATA PROCESSING	\$0	\$3,478	\$0	\$3,478	\$0
	Total Budget:	\$0	\$3,478	\$0	\$3,478	\$0
483	PUBLIC EMPLOYEE RETIREMENT SYS 483	\$0	\$3,478	\$0	\$3,478	\$0
	Total Funding:	\$0	\$3,478	\$0	\$3,478	\$0

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Project: LEG-006 New Benefit Option

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Agency Priority - 6

Project Type: New initiative

Project description

The purpose of this project is to provide a new benefit option for deferred retirees who do not begin receiving their benefit until after their deferral date has passed. This new benefit would allow the deferred retiree to either take a lump sum of the payments they would have received had they began on their deferral date OR allow that amount to be added back to their benefit and spread out over the lifetime of their benefit.

Briefly describe the business need or problem driving the proposed project.

This is proposed legislation and would give PERS an additional tool to use in the consistent administration of benefits.

Describe how the project is consistent with the organizations mission.

Implementation of this project would assist PERS in the accomplishment of the following objective: "provide an employee benefit package that is among the best available from public and private employers in the upper Midwest."

Describe the anticipated benefits of the project and who will derive the benefits.

Deferred retirees would be the major beneficiaries by having this additional option.

Describe the impact of not implementing the project.

Failure to implement this project would result in maintaining the existing set of options.

Identify any risks associated with implementing this project and explain how the risks will be mitigated.

Additional programming could render undesirable results from the application system. Thourough testing by the IT Staff and Subject Matter Experts will mitigate this risk. Programming may be completed only to find that other safeguards have eliminated the occurrence of deferred retirees going beyond their deferral date. Careful planning must be done in order to mitigate this risk.

Describe the additional costs?

N/A

Enter any additional costs for the project that are not included in IT Object Codes used in the Project Cost Screen?

Additional Costs? - \$0

Optional Project Costs - \$0

Total Project Cost? - \$10,361

Tot Proj Costs + Optionals - \$10,361

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Project: LEG-006 New Benefit Option

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What additional expenditures are being paid out of non-appropriated funds?

N/A

IT Plan – Agency Submitted

192 PUBLIC EMPLOYEES RETIREMENT SYSTEM

Version: 2007-B-01-00192

Project: LEG-006 New Benefit Option

Date: 10/12/2006

Time: 9:44:19 AM

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		CURRENT APPROPRIATION	BUDGET REQUEST	OPTIONAL ADJUSTMENTS	REQUEST PLUS OPTIONALS	SUBSEQUENT BIENNIUM
IT6010	IT DATA PROCESSING	\$0	\$10,361	\$0	\$10,361	\$0
	Total Budget:	\$0	\$10,361	\$0	\$10,361	\$0
483	PUBLIC EMPLOYEE RETIREMENT SYS 483	\$0	\$10,361	\$0	\$10,361	\$0
	Total Funding:	\$0	\$10,361	\$0	\$10,361	\$0